

**CITY OF SHELBYVILLE
ORDINANCE NO. 2012-12-20**

**AN ORDINANCE AMENDING THE SCHEDULE OF CHARGES FOR
THE USE OF THE CONSOLIDATED MUNICIPAL WATERWORKS
AND SEWER SYSTEM OF THE SHELBYVILLE WATER AND SEWER
COMMISSION**

WHEREAS, it is required that rates and charges for the use and services of the combined and consolidated Municipal Waterworks and Sewer System be prescribed and maintained so as to pay the interest upon and principal of said bonds as the same become due, and also pay operating and maintenance costs, as well as create an adequate depreciation fund; and

WHEREAS, the Shelbyville Municipal Water and Sewer Commission is facing continually increasing operating and maintenance costs, especially recent electrical cost increases of 20-25%, including continuing electrical, chemical, and transportation costs, as well as other costs necessary to provide increases in providing safe drinking water and wastewater treatment services for its customers; and

WHEREAS, the Shelbyville Municipal Water and Sewer Commission pays all debt service expenses and operation and maintenance costs without the support of a monetary appropriation from the City of Shelbyville, and relies upon user charges to support its water and wastewater treatment works; and

WHEREAS, The City of Shelbyville wishes to ensure that the Shelbyville Municipal Water and Sewer Commission has adequate revenue to meet its obligation to provide excellent service to its customers; and

WHEREAS, the United States Environmental Protection Agency as well as the Kentucky Department for Natural Resources have and continue to impose more stringent criteria to improve both the quality of drinking water and treated wastewater, increasing the costs of providing these services; and

WHEREAS, the Municipal Water and Sewer Commission has petitioned the City Council to enact an Ordinance establishing a revised schedule of said combined and consolidated Municipal Waterworks and Sewer System furnishing such services:

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF SHELBYVILLE, charges are amended as set forth in this Ordinance and City of Shelbyville Ordinance No. 2007-06-21B, and Sections 31.301 and 31.402 of the City of Shelbyville Code of Ordinances are amended as follows:

SECTION 1

~~That from and after the April 1, 2011 billing (for water/sewer used during and after mid February, 2011 there shall be and there is hereby established a revised schedule of rates and charges for the use and services of this portion of said combined and consolidated Municipal Waterworks and Sewer System furnishing water and sewer services as follows:~~

That from and after the April 1, 2011 March 1, 2013 billing for water/sewer used during and after

~~mid-February, 2011~~ mid-January, 2013, there shall be and there is hereby established a revised schedule of rates and charges for the use and services of this portion of said combined and consolidated Municipal Waterworks and Sewer System furnishing water and Sewer services as follows:

A. MONTHLY WATER RATES AND CHARGES

That from and after the ~~April 2011~~ March 2013 billing for water/sewer used during and after ~~mid-February 2011~~, mid-January 2013, there shall be and is hereby established the following Water Rate Schedule (First 1,000 gallons below as shown is for a 5/8" meter):

- (1) For customers who are both within the City limits of Shelbyville, Kentucky, and within the City water service area:

First	1,000 gallons used per month	\$ 8.45 (Minimum Bill)	<u>\$ 8.77 (Minimum Bill)</u>
Next	9,000 gallons used per month	2.27 per 1,000 gal	<u>2.36 per 1,000 gal</u>
Next	15,000 gallons used per month	2.18 per 1,000 gal	<u>2.26 per 1,000 gal</u>
All Over	25,000 gallons used per month	2.03 per 1,000 gal	<u>2.11 per 1,000 gal</u>

- (2) For customers who are within that area extending south of I-64, then east and west and being served by the water mains constructed in 1978 and additions thereto (defined as the Finchville Rate Area), and within the city water service area:

First	1,000 gallons used per month	\$ 11.74 per 1,000 gal	<u>\$ 12.19 (Minimum Bill)</u>
Next	9,000 gallons used per month	3.25 per 1,000 gal	<u>3.37 per 1,000 gal</u>
Next	15,000 gallons used per month	2.74 per 1,000 gal	<u>2.84 per 1,000 gal</u>
All over	25,000 gallons used per month	2.44 per 1,000 gal	<u>2.53 per 1,000 gal</u>

- (3) For customers who are outside city limits but not in Finchville Rate Area, and are within the city water service area:

First	1,000 gallons used per month	\$ 9.72 per 1,000 gal	<u>\$ 10.09 (Minimum Bill)</u>
Next	9,000 gallons used per month	2.62 per 1,000 gal	<u>2.72 per 1,000 gal</u>
Next	15,000 gallons used per month	2.49 per 1,000 gal	<u>2.58 per 1,000 gal</u>
All over	25,000 gallons used per month	2.33 per 1,000 gal	<u>2.42 per 1,000 gal</u>

- (4) Minimum monthly charges for meters larger than 5/8", and 1,000 gallons or less used each month:

Meter Size	Inside City		Outside City		Finchville Area	
1"	\$11.05	<u>\$11.47</u>	\$12.70	<u>\$13.18</u>	\$15.58	<u>\$16.17</u>
1-1/2"	13.81	<u>14.33</u>	15.89	<u>16.49</u>	19.65	<u>20.40</u>
2"	21.39	<u>22.20</u>	24.60	<u>25.53</u>	30.82	<u>31.99</u>
3"	77.35	<u>80.29</u>	88.93	<u>92.31</u>	113.07	<u>117.37</u>
4"	98.06	<u>101.79</u>	112.77	<u>117.06</u>	143.53	<u>148.98</u>
6"	146.43	<u>148.88</u>	168.37	<u>174.77</u>	N.A.	N.A.

- (5) Commercial haulers:

A. Inside City	\$2.64 per 1,000 gal	<u>\$ 2.74 per 1,000 gal</u>
B. Outside City	3.79 per 1,000 gal	<u>\$ 3.93 per 1,000 gal</u>

(6) Water Districts:

- A. West Shelby Water District ~~\$1.90 per 1,000 gal~~ \$1.97 per 1,000 gal
 B. North Shelby Water District ~~\$1.765 per 1,000 gal~~ \$1.83 per 1,000 gal
 C. Quantities over the respective Contract Limits shall be charged the normal Rate plus:
 \$1.00 per 1,000 gal.

(7) Fire Protection:

Service for public fire hydrants outside the city limits of Shelbyville shall be provided at the rate of \$1.25 per month for each customer living within 1,000 feet of a hydrant. Service for private fire hydrants outside the city limits of Shelbyville shall be charged at the rate of \$8.50 per month per hydrant.

Service for sprinkler systems shall be charged at the rate of \$0.0007 per square foot per month of building sprinkled.

B. MONTHLY SEWER RATES AND CHARGES

That from and after the ~~April 2011~~ March 2013 billing for water/sewer used during and after ~~mid-February 2011~~ mid-January 2013, there shall be and is hereby established the following Sewer Rate Schedule for customers who are within the city limits of Shelbyville, Kentucky, and within the city sewer service area, except for Benson Trace & related areas which pay an additional surcharge of \$0.35/1,000 gallons, and the southernmost out-lots of Hi-Point Shopping Center which pay an additional surcharge of \$0.25/1,000 gallons for use of Sanitation District #1 lines:

First	1,000 gallons used per month	\$8.54 per 1,000 gal Min. Bill	<u>\$8.86 gal (Min. Bill)</u>
Next	9,000 gallons used per month	2.88 per 1,000 gal	<u>2.99 per 1,000 gal</u>
All over	10,000 gallons used per month	2.81 per 1,000 gal	<u>2.92 per 1,000 gal</u>

(1) For customers who are outside the city limits of Shelbyville, Kentucky, but within the city sewer service area, excluding area of Sanitation District No. 1:

First	1,000 gallons used per month	\$9.82 per 1,000 gal Min. Bill	<u>\$10.19 per 1,000 gal (Min. Bill)</u>
Next	9,000 gallons used per month	3.31 per 1,000 gal	<u>3.44 per 1,000 gal</u>
All over	10,000 gallons used per month	3.22 per 1,000 gal	<u>3.34 per 1,000 gal</u>

(2) For customers who are in the Sanitation District Rate Area:

First	1,000 gallons used per month	\$5.59 per 1,000 gal Min. Bill	<u>\$5.80 per 1,000 gal (Min. Bill)</u>
Next	9,000 gallon used per month	5.59 per 1,000 gal Min. Bill	<u>5.80 per 1,000 gal</u>
All over	10,000 gallons used per month	5.08 per 1,000 gal Min. Bill	<u>5.27 per 1,000 gal</u>

Sewer surcharges for excessive strength wastewater as defined in the Sewer Use Ordinance No. 91-07-18, Section 52.060, Paragraph (C) 1 shall be as follows:

Parameter	Allowable Concentration	Charge Per Pound In Excess Above Allowable	
BOD	250 mg/l	\$0.40	<u>\$ 0.50</u>
TSS	250 mg/l	\$0.40	<u>\$ 0.50</u>
NH (3) -N	25 mg/l	\$1.17	<u>\$ 1.46</u>

SECTION 2: SYSTEM DEVELOPMENT CHARGES (SDC)

Purpose and Policy

This ordinance sets forth uniform requirements for financing capital improvements to the water and sewer systems to serve growth and at the same time prevent or reduce the inequity to existing customers that would result when the existing customers must pay for the increases in water or sewer rates that are needed to pay for added plant costs for new customers.

The method chosen to establish the SYSTEM DEVELOPMENT CHARGE is based on the premise that new customers are entitled to water and/or sewer services at the same rates charged to existing customers. However, it is also recognized that existing customers have provided funds for debt retirement, cash financing of improvements and additions to the water and/or sewer system through payment of water/sewer rates or through their own contribution of capital. New connections to the system shall be required to pay an amount corresponding to that which has already been paid by existing customers towards the water and sewer facilities.

A. Definitions

"Commission" means The Shelbyville Municipal Water and Sewer Commission

SDC: System Development Charge is defined as the charge for a new water and/or sewer connection which corresponds to that amount which has already been paid by existing customers towards the invested capital funds of the system.

Sewer Inspection Fee: That fee established by ordinance to recover costs of inspection of new sewer service connections and to obtain a sewer use permit.

Water Meter Fee: That fee established by ordinance to recover costs of setting new water services, inclusive of the metering device.

B. Method of establishing the System Development Charges

The system buy-in method utilizes the calculations of existing customer's equity based on:

- Present Value of Assets
 - Outstanding Indebtedness
 - Depreciation
 - Existing Plant Capacity and Current Usage
 - Present Worth of the System Development Charge
- to arrive at customer equity in terms of 1,000 gallons per month of the water and/or sewer usage.

C. System Development Charges

The following charges are hereby adopted for new connections to the Water and Sewer System of the Commission:

1. SEWER SYSTEM

[Effective May 1, 2010]

- | | |
|------------------------------------|------------------------|
| a. Residential Single Family | |
| Inside City | \$ 918.00 |
| Outside City | \$1,055.69 |
| b. Apartments, Duplexes (per unit) | |
| Inside City | \$ 628.29 |
| Outside City | \$ 722.53 |
| c. Industrial/Commercial/Other | |
| Inside City | \$ 223.75/1,000 gal/mo |
| Outside City | \$ 257.31/1,000 gal/mo |

2. WATER SYSTEM

[Effective May 1, 2010]

- | | |
|------------------------------------|------------------------|
| a. Residential Single Family | |
| Inside City | \$ 517.50 |
| Outside City | \$ 595.13 |
| b. Apartments, Duplexes (per unit) | |
| Inside City | \$ 354.09 |
| Outside City | \$ 407.20 |
| c. Industrial/Commercial/Other | |
| Inside City | \$ 100.88/1,000 gal/mo |
| Outside City | \$ 116.01/1,000 gal/mo |

3. Water Districts shall be required to pay an SDC at the time of Contract renegotiations and shall apply towards the increase in contract amount of water purchased.
4. Any increase in water or sewer use by Commercial, Industrial, or other similar users, which exceed the prior annual average by 50% or more shall subject the user to the System Development Charges set out above.

Revenue collected from the System Development Charge shall be deposited in a special account known as the "Water/Wastewater Facilities Expansion Account."

In addition to the System Development Charges set out above, new connections shall be subject to fees for permit applications and inspections as adopted by the Commission pursuant to Section 52.106 of the Shelbyville Code of Ordinances.

SECTION THREE: OTHER CHARGES/FEES

A. METER SETTING CHARGES

In addition to the System Development Charges for new water connections set out above, new connections shall be subject to the following meter setting fees:

5/8" meter Inside City	\$ 465.00
5/8" meter Outside City	\$ 540.00
1" meter Inside City	\$ 565.00
1" meter Outside City	\$ 640.00

The above charges for meter setting include materials, labor, and installation costs for installing the meter at the property line not more than 60 feet from the water main. Installation of water meters at the property line which exceeds 60 feet from the water main shall require payment of the meter setting fee above, plus the cost of labor and materials in excess of 60 feet. Requesting parties in all installations, including those within 60 feet of the water main, shall pay for any expense of rock removal. Meter setting fees for meters greater than 1 inch shall be based on the costs of materials, labor, and installation of the meter plus 15%.

B. NEW CUSTOMER TURN-ON/PROCESSING FEES, DISCONNECT FEES, AND SEWER INSPECTION FEES

- a. New/Changed customer account turn-on/processing charge \$ 25.00
- b. After hours [4:30 pm Mon-Fri.& week-ends) service calls/turn-ons \$ 50.00
- c. Non-payment/disconnect turn-on fees:
 - 1. During working hours \$ 20.00
 - 2. After hours \$ 50.00
- d. Sewer inspection fees \$50.00/lateral
- e. There is hereby established a \$10.00 fee for any payment attempt made with "insufficient funds" whether through check/s or ACH payments.

The Board of Commissioners shall amend rates and fees as described in para 6a. thru d. from time to time at its discretion, as well as meter setting fees.

C. Payment of Fees/Charges

1. No person shall begin construction on a development, and no building permit or occupancy shall be issued until all fees and/or charges have been paid and applicable permits issued.
2. If the proposed development does not occur within 120 days of application, the charge may be refunded with Commission approval.
3. In the case of the SDC for an industrial, commercial, or other than residential, duplexes or apartments, the initial SDC that was collected will be adjusted upward or downward after twelve months of operation. Based on the average usage of the last three months (of the twelve month period) average usage.
4. All charges and/or fees established by this ordinance shall be applicable to those users applying for connections as of the effective date of the ordinance.
5. At the end of each calendar year and no later than the 15th of January, SDC Charges fees

shall be reviewed by the Commission and adjusted as necessary with the approval of the Shelbyville City Council. At the same time the cost of new meter settings (5/8" and 1") shall be reviewed. Meter setting costs are determined by actual costs on a calendar year basis.

SECTION 4: GENERAL REQUIREMENTS FOR SEWER SERVICE CHARGES

- A. Sewer service charges shall be charges levied on all users who discharge, cause or permit the discharge of sewage into the public sewage treatment system. Rates or charges for sewer service shall be based upon the quantity of water measured by the water meter supplied to the respective building or premises.
- B. Sewer service charges shall be comprised of a system of user charges, excessive strength surcharges, a system of charges for debt service and may include return on investment.
- C. User charges shall mean charges levied on users of the sewage system to offset the cost of operations and maintenance of the system including simple replacement costs.
- D. Excessive strength surcharges mean charges levied on users of the sewage treatment system whose contributions contain conventional pollutants in concentrations which exceed the limits specified herein for such pollutants and who are permitted to make such contributions to the system by decision of the Municipal Water and Sewer Commission. In the event that the Commission shall permit a user to discharge waste to the sewage works having an average biochemical demand (BOD5) in excess of 250 mg/l, and/or an average suspended solids (TSS) content in excess of 250 mg/l, and/or an average ammonia nitrogen (NH₃ -N) content in excess of 25 mg/l, the user shall pay a surcharge based upon the excess strength of its wastes.
- E. Charges for debt service shall mean charges levied on users of the sewage treatment system to support the annual debt service obligations of the system.
- F. No reduction in sewage service charges, fees, or taxes shall be permitted because of the fact that certain wastes discharged to the sewage works contain less than the 250 mg/l of BOD5, 250 mg/l of TSS, or 25 mg/l NH₃-N.
- G. The Commission shall review not less than every two years the sewage contribution of users, and the total cost of operation and maintenance of the sewage works, and user charges. Based on such a review, the Commission shall recommend to the City, when necessary, a revised schedule of user charges which shall accomplish the following:
 - 1. Maintain the proportionate distribution of operations and maintenance costs among users of the treatment system.
 - 2. Generate sufficient revenues to offset the costs associated with the proper operation and maintenance of the system, including Depreciation Expense (through renewal and replacement costs) and Transfers.
 - 3. Generate sufficient revenues to support the annual debt service of the system.
 - 4. Review excessive strength surcharges every two years.

SECTION FIVE: AMENDMENTS


This ordinance shall be amended, as necessary, to comply with Federal Regulations.

SECTION SIX: VALIDITY


All ordinances or parts ~~of~~ of ordinances in conflict herewith are hereby repealed. The invalidity of any section, clause, sentence or provision of this ordinance shall not affect the validity of any other part of the ordinance which can be given effect without such invalid parts.

Introduced, seconded, and given first reading at a duly convened meeting of the City Council of the City of Shelbyville, Kentucky held on the 6th day of December, 2012.

Given second reading and enacted at a duly convened meeting of the City Council of the City of Shelbyville, Kentucky held on the 20th day of December, 2012.


Thomas L. Hardesty, Mayor

ATTEST:


Inez Harris, City Clerk/Treasurer